

## Brief

*Prepared by the General Secretariat of the Council, under the direction of the President of the COR*

**Rationale:** This session is the third to be devoted to the May 23, 2023 referral to the Conseil d'Orientation des Retraites (Pensions Orientation Council) to consider changes to family and marital rights. The purpose of this session is to present the responses of COR members to the questionnaire sent to them at the start of 2024, and to propose possible changes to the system.

### 1. How would COR members like to see family and conjugal rights evolve

- ***How can family rights evolve?*** The responses show a strong attachment to existing family rights, with a demand for mainly parametric changes. There is an agreement on the need to compensate for the effects of children and maternity on careers, without sending a negative signal to families, given the falling birth rate (**document no. 2**). Greater harmonization of schemes, particularly for MDAs and pension increases, must be sought. The idea of targeting insurance validation schemes (MDA and AVPF) solely at insured persons (generally women) who have experienced interruptions or reductions in their activity is the subject of debate, as is a joint overhaul of the MDA and AVPF. Lastly, respondents were generally in favor of granting pension increases from the first child onwards, and increasing them in proportion to the number of children, in order to encourage large families. Opinions are more divided on whether this increase should be proportional or flat-rate.
- ***And how might conjugal rights evolve?*** A consensus also emerges on the harmonization of schemes, in particular rates and collection ages, but opinions are divided on means-testing and non-marriage. The majority of respondents are in favor of revising the reversion calculation method to ensure that the surviving spouse's standard of living is maintained, but are more divided on the question of prorating according to length of marriage. The extension of the system to unmarried couples is rather favorably received, even if the calibration of the new system would inevitably pose difficulties in keeping costs constant. Lastly, opinions are very clear-cut on whether reversion should be subject to specific, compulsory funding by couples (**document no. 2**).

### 2. What are the options proposed to develop conjugal and family rights?

- ***How should the proposed changes be interpreted?*** Following these answers, several proposals, with varying degrees of ambition, can be formulated. At this stage, these proposals are not binding on the members of the COR. A first document proposes some ways of harmonizing pension schemes, with the aim of making the pension system more transparent (**document no. 4**). Subsequent documents take as their starting point the inadequacy of conjugal rights in the face of recent economic and social developments, such as the rise in divorce rates and new forms of conjugality (**document no. 3**). Family rights, while they do compensate for differences in insurance duration between men and women, are less effective in compensating for differences in income, and are sometimes deemed to be insufficiently redistributive and complex. Parametric changes are first examined, system by system (**document no. 5**). However, these should not be seen as independent proposals, but rather as proposals that need to be put together to form coherent reform scenarios. With this in mind, a final, more exploratory document proposes a major overhaul of family and conjugal rights

(**document no. 6**). The proposed parameters may be adjusted once the results of the simulations are available.

- ***How can we harmonize?*** Family and marital rights vary widely between pension schemes (**document no. 4**). The aim of harmonization is to make the pension system easier to understand and to reduce inequities in treatment between insured persons. The harmonization of reversionary benefits could be achieved by adjusting the reversionary rate (50%, 55%, 60%), by abolishing or generalizing means-testing and non-remarriage conditions, and by aligning the minimum age (55) or abolishing it. The proposed harmonization of family rights aims to unify the increases in insurance periods for children (8, 4 or 2 quarters for childbirth) and the pension increases for three or more children (10%).
- ***What parametric changes can be made to the existing schemes?*** Two changes are proposed for survivors' pensions. The first aims to modify the calculation of reversion in order to maintain the surviving spouse's standard of living. The second aims to introduce a double proratisation based on the length of insurance and the total length of marriage. This calculation implies the abolition of means-testing and non-marriage conditions, making entitlements independent of marital history. Changes in marital entitlements will affect all three main schemes. AVPF would be limited to the third birthday of the youngest child, in order to target short career breaks, while enhancing entitlements. Four quarters of MDA per child would be granted, with one quarter unconditional and the others conditional on the reduction or cessation of activity, so as not to encourage early retirement. Finally, three measures are proposed for pension increases: a flat-rate increase for three or more children, an increase reserved for mothers from the first child onwards, and a combined scenario with increasing flat-rate increases (€35, €70, €110) for one to three or more children (**document no. 5**).
- ***Towards a more structural overall reform?*** A partial shift from marital rights to family rights, in the direction of greater individualization of rights, may also be considered. The effects of children on careers would be better compensated, directly in direct pensions, making reversionary pensions less necessary. Three major changes are proposed: the current schemes enabling parents (mainly mothers) to benefit from the validation of insurance periods for children (AVPF and MDA) would be merged and designed to compensate for interruptions or reductions in activity up to the child's third birthday. In this context, the salary credited to the account would be calculated on the basis of the maximum between the minimum wage and the average salary over the previous three years. In return, pension increases would be higher. An increase for childbirth of 2% for one child, 4% for two children and 6% for three or more children would be created, as well as an increase for education, attributed by default to the mother (of 2% or 4% depending on the number of children). The ceiling for these increases would be set at 3,000 euros per year. Survivors' pensions would be extended to all persons able to prove that they have lived together at an advanced age, with the aim of maintaining the same standard of living. The income ceiling would initially be relatively high, at around 3,000 euros per month, which would cover around 90% of current female pensioners who have not benefited from enhanced family rights. It would then gradually fall to reach the ceiling set for the minimum contributory pension in the longer term (**document no. 6**).